

Ad agencies under the gun from major contract reviews

REUTERS, Cannes/New York

An unprecedented number of blue-chip companies have put their advertising contracts up for review this year, underlining the growing pressure on ad agencies as online marketing threatens their traditional role and profit margins.

At the industry's biggest annual conference in Cannes this week the main topic of conversation among the 13,000 delegates is the 18 companies - from consumer products giants Procter & Gamble and Unilever to automakers like BMW and Volkswagen - that have decided to rethink which agencies they want for marketing advice.

About \$27 billion in media planning and buying contracts across television, radio, print, text and online are up for grabs, according to Ad Age, more than in the past three years combined.

The reviews are an unnerving prospect for top agencies WPP, Omnicom, and Publicis that are already under pressure from their customers to create innovative campaigns across websites, apps and social media instead of traditional text and TV -- and on a far smaller budget in a post-financial crisis world.

Morgan Stanley estimates that if advertisers' pressure on agency fees drives prices down by 15 percent or more, companies like leader WPP or number 2 Omnicom could see earnings per share drop by about 10 percent.

Analysts say Interpublic and Publicis have the most to lose given their exposure to key clients like L'Oreal and Coca-Cola that have also initiated a review. Challengers to the top three like Havas have the most to gain, but few expect new players outside the top six agencies to capture elite contracts from the world's top brands.

A board director at one major advertising firm who did not want to be named said the crop of contract reviews represent a "watershed

moment" for Madison Avenue - a reference to the world's biggest ad agencies based upon the New York street where they grew from the 1920s.

The reviews represent a "harbinger" of how the ad firms are going to have to change their business models to survive, he said, particularly since the reviews include the media buying and planning area, which has traditionally been a profitable one for the agencies.

One Cannes invitation touted a party for the book "Madison Avenue Manslaughter," written by a veteran industry exec and promising a peek into the rough reality facing ad firms.

That reality stems from the fact that brands have had to dramatically rethink the way they seek to woo consumers and the size of the budget they use to do it. Since the financial crisis, procurement executives have gained more sway to ask for proof that marketing spending is working.

As an example, food giant Mondelez International, which has put its media account now with Publicis' Starcom and Dentsu Aegis up for review, has been whittling down the number of agencies it works with from 12 to 2 so as to save money and re-invest it in the business.

Not only do companies want to pay less to their ad agencies, they also want to make sure that their agencies really know how to help them succeed in a world where consumers spend less time watching television and more using a dizzying array of websites and apps via their mobiles.

Messaging apps like Snapchat and media outlets like Vice and BuzzFeed have fuelled a boom in online video with the creation of hybrid editorial and marketing content known as native ads: Some executives at big brands think big ad agencies are simply not skilled enough at banging out these kinds of snippets.

With Internet advertising expected to overtake TV in 12 key countries including China and Germany and represent 28 percent of global ad

spending by 2017 - according to research by media-buying firm ZenithOptimedia - the pressure is on agencies to adapt.

WPP announced on Tuesday that it was forming a small creative agency with the Daily Mail and Snapchat to create new online content.

"In a slow growth world, where agencies have little pricing power and advertisers are focused on costs, we need to try new things," said WPP CEO Martin Sorrell.

Another source of pressure on agencies is that fact that their old-school negotiation skills with sellers of TV media space are no longer needed in a world where most online ads can be bought via automated systems in real-time.

On top of that a row has broken out about the transparency of contacts and whether some agencies are passing on to their clients - the marketers - the volume discounts they often get for buying ad space on TV or on the web.

Called rebates by proponents and kickbacks by their foes, the tussle basically shows how big companies are demanding more transparency from their agencies.

Another source of tension has been concerns about on-line advertising fraud after the U.S. Association of National Advertisers estimated last year that businesses were losing \$6.3 billion a year to so-called "click fraud," in which robots were viewing ads instead of humans.

Since agencies are often paid in part based on how many people see a campaign online, this is causing particular frustration among big brands.

That has some big companies questioning why they need agencies to place ads. Some have gone directly to social networks like Facebook, Twitter or Google's YouTube.

"There is the lowest amount of trust that I have ever seen between clients and agencies right now," said Michael Kassan, the founder and chief

Eight EU nations urge caution on internet regulation

REUTERS, Brussels

Eight European Union nations including Britain, Ireland and Poland on Tuesday urged caution with regulating the Internet, as Brussels prepares a sweeping review of the behaviour of web giants that could see them subjected to new rules.

In a letter to European Council President Donald Tusk, who will this week chair a meeting of the EU's 28 heads of state, the leaders of Britain, Ireland, Sweden, Estonia, Poland, Finland, Czech Republic and the Netherlands, said the EU should only regulate "where there is clear evidence to do so."

In May the bloc's executive, the European Commission, unveiled its Digital Single Market Strategy, a broad range of policy proposals aimed at dismantling barriers to cross-border online shopping, updating copyright rules and ending blocks on watching online videos abroad.

EDCL ESSENTIAL DRUGS COMPANY LIMITED

395-397, Tejgaon Industrial Area, Dhaka- 1208
(Establishment of Essential Drugs Company Limited (3rd Plant), Gopalganj)

Invitation for Tenders (International)

HEATING, VENTILATION & AIR CONDITIONING (HVAC) SYSTEM (SUPPLY, INSTALLATION, TESTING, COMMISSIONING, BALANCING, QUALIFICATION & VALIDATION)			
01. Ministry/Division	:	Ministry of Health & Family Welfare	
02. Agency	:	Essential Drugs Company Limited (EDCL), Dhaka, Bangladesh	
03. Procuring Entity Name	:	Project Director Establishment of Essential Drugs Company Limited (3rd Plant), Gopalganj	
04. Invitation For	:	Supply, Installation, Testing, Commissioning, Balancing, Qualification & Validation of Heating, Ventilation & Air Conditioning (HVAC) System.	
05. Invitation Ref. No.	:	EDCL/PD-Gopalganj/ICT/HVAC/2015/16	
06. Date	:	23 June, 2015	
KEY INFORMATION			
07. Procurement Method	:	International Competitive Tender : Open Tendering Method (OTM)	
FUNDING INFORMATION			
08. Budget & Source of Funds	:	GOB (Government of Bangladesh)	
PARTICULAR INFORMATION			
09. Project Code	:	5-2701-5220	
10. Project Name	:	Establishment of Essential Drugs Company Limited (3rd Plant), Gopalganj	
11. Location of the Project	:	Gopalganj Sadar, Gopalganj.	
12. Tender Package Name	:	Supply, Installation, Testing, Commissioning, Balancing, Qualification & Validation of Heating, Ventilation & Air Conditioning (HVAC) System	
13. Tender Publication Date	:	25 June, 2015	
14. Tender Last Selling Date	:	Date : 09 August, 2015, Time : 05:00 PM (Local Time)	
15. Tender Closing date and Time	:	Date : 10 August, 2015, Time : 03:00 PM (Local Time)	
16. Tender Opening Date and Time	:	Date : 10 August, 2015, Time : 03:30 PM (Local Time)	
17. Name & address of the Office (Selling, Receiving and Opening of Tender Document)	:	Office of the Project Manager, EDCL (3rd Plant), Gopalganj C/O: Essential Drugs Company Limited (EDCL) 395-397, Tejgaon Industrial Area, Dhaka-1208, Bangladesh	
18. Place/Date/Time of Pre-tender meeting	:	Office of Project Director Essential Drugs Company Limited 395-397, Tejgaon Industrial Area Dhaka-1208, Bangladesh Date : 03 August, 2015, Time : 11:30 AM	
INFORMATION FOR TENDERER			
19. Eligibility of Tenderer			
General Experience	:	Minimum 10 (Ten) years of general practical experience.	
Specific Experience	:	In last 10 (Ten) years completing projects value over Tk. 60.00 Crore (Sixty crore taka) only or equivalent USD 7.75 Million (Seven million and seven hundred fifty thousand US Dollar) only in Government / Semi-Government / Autonomous / Private Sector work through contractual arrangement in a single contract of similar nature.	
Liquid Asset	:	The minimum amount of liquid asset or working capital or credit facility is Tk.70.00 Crore (Seventy crore taka) only or equivalent USD 9.035 Million (Nine million and thirty five thousand US dollar) only.	
Other Criteria	:	Full filling all other terms and conditions mentioned in the tender documents.	
20. Brief Description of Works	:	Supply, Installation, Testing, Commissioning, Balancing, Qualification & Validation of Heating, Ventilation & Air Conditioning (HVAC) System of Establishment of Essential Drugs Company Limited (3rd Plant) at Gopalganj: <ul style="list-style-type: none">Central Chiller PlantPenicillin Production Building - HVAC ServicesContraceptive (OCP) Production Building - HVAC ServicesIVF Production Building - HVAC ServicesQC, PD&Iron Tablet Production Building - HVAC ServicesWarehouse - HVAC ServicesAdmin Building - HVAC Services	
21. Period of Validity of tender	:	180 Days after submitting the tender	
22. Price of Tender Document	:	Tk. 50,000.00 (Fifty thousand taka) or equivalent USD 646.00 (Six hundred and forty six US dollar) in the form of Pay Order / Demand Draft in favor of the "Project Director, Establishment of Essential Drugs Company Limited (3rd Plant), Gopalganj."	
23. Identification of Package	Location	Bank Guaranty for Tender Security	Completion Time
	Gopalganj	Tk. 1.00 Crore (One crore taka) only or Equivalent USD 130,000.00 (One hundred and thirty thousand US Dollar) only. (Validity of Tender Security is 28 days beyond the expiry of validity of Tender)	9 Months
The Tender Security shall be in the form of an irrevocable bank guarantee issued by an internationally reputable bank and shall require to be endorsed by its any correspondent bank located in Bangladesh, to make it enforceable in favor of "Project Director, Establishment of Essential Drugs Company Limited (3rd plant) Gopalganj."			
PROCURING ENTITY DETAILS			
24. Name of Official Inviting Tender	:	Prof. (Dr) Ehsanul Kabir	
25. Designation of Official Inviting Tender	:	Project Director Establishment of Essential Drugs Company Limited (3rd Plant), Gopalganj.	
26. Address of Official Inviting Tender	:	395-397, Tejgaon Industrial Area, Dhaka-1208, Bangladesh.	
27. Contact details of Official Inviting Tender	:	Phone : 8151080,8113463,9130036, 9130489-9130490 (PABX) Fax.: 8119697 E-mail: 3rdplant@edcl.gov.bd, Website: www.edcl.gov.bd	
28. Tender Notice can also be found at	:	www.edcl.gov.bd and www.cptu.gov.bd	
29. The procuring entity reserves the right to accept or reject all tenders without assigning any reason thereof.	:		

(Prof. (Dr) Ehsanul Kabir)
Project Director
Establishment of Essential Drugs Company Limited (3rd Plant), Gopalganj



STANCHART
Abrar A Anwar, CEO of Standard Chartered Bank Bangladesh, and Sufi Mohamed Mizanur Rahman, chairman of PHP Family, sign an agreement in Dhaka recently. PHP will use StanChart's state-of-the-art onsite cheque printing solution to make payments through an end-to-end automated cheque issuance facility.



GP
Ashwani Nayar, general manager of Le Meridien Dhaka, and Sajjad Alam, head of direct sales at Grameenphone, sign a deal at a programme recently. The mobile operator will provide the hotel with complete communication solutions.



DHAKA REGENCY
Shahid Hamid, executive director of Dhaka Regency, hands over a cheque for Tk 25,000 to the officials and students of Khilkhet Bottola Islamia Madrasah and Orphanage at an Iftar programme hosted by the hotel on Tuesday.

Nestle trying to restore image

AFP, Geneva

Nestle chief Paul Bulcke says he has drawn the lessons from India's shock ban on its Maggi instant noodles over a health scare and is now trying to salvage the image of the world's top food company.

Bulcke insisted that its hugely popular Maggi brand was 100 percent safe, saying that packaged food was unfairly fingered by many around the world as a health risk.

The Switzerland-based food giant's reputation took a bashing "because it's a big brand and that (ban) made a lot of waves," the Belgian chief executive told AFP in an interview.

India's food safety regulator on June 5 outlawed the product after it said tests showed the noodles contained excessive levels of lead.

The largest food company by revenues is challenging the order and is in the process of destroying more than 27,000 tonnes of Maggi noodles after halting production -- a Herculean task given India's size.

The ban had led to 3.2 billion rupees (44.5 million euros, \$50.5 million) worth of goods being withdrawn, the company said.

Nestle had already announced it was pulling the product from sale when the Food Safety and Standards Authority of India imposed a ban following similar moves by some state governments.

"One can have facts on one's side but it's the perception that counts," Bulcke said, explaining the company's decision to withdraw and destroy the product.